

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

Manufactured Housing Fees Trust Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	12,000	6,321	-	18,321	13,040	11,817
2020 Appropriation	13,000	5,298	-	18,298	12,624	11,476
2021 President's Budget	14,000	5,674	-	19,674	13,630	13,152
Change from 2020	1,000	376	-	1,376	1,006	1,676

PROGRAM PURPOSE

One of the primary purposes of the Manufactured Home Construction and Safety Standards Act of 1974 as amended by the Manufactured Housing Improvement Act of 2000, is “to protect the quality, durability, safety, and affordability of manufactured homes,” and, “to facilitate the availability of affordable manufactured homes and to increase homeownership for all Americans.”¹ Manufactured housing is a key segment of the affordable housing industry, and manufactured homes provided approximately 11 percent of the nation’s single-family housing starts in 2018². Additionally, manufactured homes constitute a major source of housing in rural America, where one in five homes is a manufactured home³.

BUDGET OVERVIEW

The 2021 President's Budget requests \$14 million for the Office of Manufactured Housing Programs, which is \$1 million more than the 2020 enacted level. Funding for this program is solely supported from the receipt of HUD’s certification label fee that is \$100 for each transportable section. The requested funds will support the Department’s implementation and oversight responsibilities for the nationwide building regulatory program including updating of the construction, safety, and installation standards of manufactured homes. The \$9.5 million in funding requested for contracts will support: partnerships with state partners; HUD-approved state and private third-party inspection agencies to ensure program compliance with construction and safety standards; dispute resolutions between manufacturers, retailers, and installers; installation programs; and activities of the Manufactured Housing Consensus Committee (MHCC).

This request includes up to \$4.5 million for payments to states, including State Administrative Agencies (SAAs). HUD intends to reassess both its current SAA payment structure and the revised payment structure proposed in 2016 in order to ensure a more equitable distribution of funds among states and to increase state participation in program administration. The increased funding will provide flexibility to HUD in designing a payment structure that meets these objectives and

¹ 42 USC Section 5401(b)

² HUD Policy Development and Research, National Housing Market Survey, 2018 Supply Data

³ US Census Bureau, American Housing Survey, 2017.

implementing a final rulemaking as soon as practicable. Some portion of the \$4.5 million may be used for technical assistance to states taking on administrative activities for the first time. In total, the funding will help ensure state partners can provide effective oversight of compliance with the construction and safety standards, and installation standards; to resolve consumer complaints; and to assist in other federal and state partnership activities for consumer protections.

Program Operation Area	2021 President's Budget (Dollars in Thousands)
Payments to States	4,500
Contracts	
Contract for Monitoring Primary Inspection Agencies and States	4,500
Contract for Monitoring Design Approval Agencies	1,500
Contract for Installation Inspection and Enforcement	1,000
Contract for Dispute Resolution Enforcement	400
Contract for Consensus Committee Administering Organization and Support Services	750
Contract for Manufactured Housing Consensus Committee (MHCC)/State Administrative Agency (SAA) and Primary Inspection Agency (PIA) Meeting and Support Services	1,350
Subtotal, Contracts	9,500
Total	14,000

Note: The table provides estimates by contract type for reference only and the contract types should not be considered as individual programs, projects, or activities for reprogramming purposes, instead the Payments to States and Contracts (Subtotal) are the relevant amounts for such purposes.

JUSTIFICATION

Funding Impact

HUD’s construction and safety standards preempt state and local laws and apply to all manufactured homes produced after June 15, 1976. While manufactured housing serves all sectors of the population, its continued availability and affordability is especially critical for young families, individuals with moderate or low incomes, and elderly households with fixed incomes. About 17.5 million people live in manufactured homes⁴. In 2017, the median household income of manufactured homeowners was about \$30,000, making it a key component of affordable housing. In calendar year 2018, the average sales price of a manufactured home was \$78,600.⁵

The request will cover payments made to 33 HUD-approved SAAs to offset their costs for resolving consumer complaints and overseeing notification and correction related activities, as outlined in the federal manufactured home regulations, among other actions. It is also anticipated that with a redesigned payment structure, additional states may choose to partner with HUD. The request will also cover the contractual costs for monitoring program compliance and enforcing program regulations. In addition, the funding will:

- *Address non-conformances with the Construction and Safety Standards for homes manufactured or located in states without an SAA. This may require manufacturers to notify consumers of a defect; or, in the event of a serious problem, require the manufacturers to*

⁴ US Census Bureau, American Housing Survey, 2017.

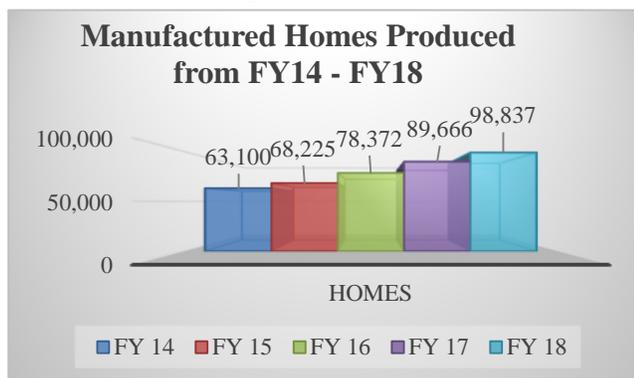
⁵ [US Census, Manufactured Housing Survey Data, January 2020.](#)

repair or replace manufactured homes. HUD is responsible for direct oversight in the 17 states without SAAs and performs these functions with assistance from the contractor for Monitoring Primary Inspection Agencies and States.

- *Enable HUD to continue to monitor the manufacturer's compliance with the Construction and Safety Standards.* HUD monitors 17 third-party agencies who approve manufacturers' designs (5 Design Approval Primary Inspection Agencies - DAPIAs) and agencies who inspect construction and quality programs in the plants (12 Production Inspection Primary Inspection Agencies - IPIAs). These agencies ensure program compliance to HUD's standards from approximately 135 manufacturing plants nationwide. In addition, the HUD contractor monitors the performance of and supports partnerships and joint monitoring teams with SAAs.
- *Continue oversight of the Model Installation Standards in all states.* The OMHP is responsible for installation oversight nationwide and the licensing and training of installers in many states. OMHP has implemented a Federally administered program in 14 states that have no installation programs and oversees state-administered programs in 36 states that are HUD-approved.
- *Continue administration of the Dispute Resolution Program* to resolve disputes between manufacturers, retailers, and installers of manufactured homes. OMHP manages a Federally administered program in 25 states without dispute resolution programs and oversees state-administered programs in 25 states.
- *Facilitate coordination of activities of the Manufactured Housing Consensus Committee (MHCC) through an Administering Organization (AO).* The Committee is mandated by the amendments to the National Manufactured Housing Construction and Safety Standards Act and oversees the Federal Advisory Committee process. The AO supports the MHCC in providing recommendations to the Secretary on construction standards, installation standards, and enforcement regulations in a Proposed Rule format with an economic analysis. The contractor also provides technical support by compiling cost and benefit data and providing analysis that will be useful in required impact analyses.
- *Increase collaboration and cooperation of all stakeholders* through meetings with partners in the Federal Manufactured Housing Program. These meetings are held with all program stakeholders to ensure it operates in a consistent and collaborative manner. These meetings bring stakeholders together including meetings of the MHCC, meetings with In-plant and Design approval agencies, and meetings at a national and regional level with state partners, as well as meetings with other Federal agencies.

Key Assumptions

The costs of these programmatic activities are rising steadily, year-after-year, due to inflation, and increases in the production of manufactured homes and the steady increase in the number of production facilities nationwide. HUD is responsible for overseeing the DAPIAs and IPIAs to ensure the quality assurance programs are working properly so that consumer safety is not compromised. This is critical as manufactured homes are inspected by the IPIA in only one stage of production. The number of manufactured homes produced has increased by nearly 57 percent from 2014-2018. Also, the number of manufacturing plants has increased from 122 in 2013 to 135 in 2019. Manufacturers pay a \$100 fee per transportable home section (a manufactured home typically has 1-2 transportable sections). In 2019, HUD



collected approximately \$14.5 million in fees and projects \$16.0 million in fee collections during 2021.

Outcomes, Performance Indicators, and Other Evidence

Since the program's inception in 1976, the overall quality, safety, and durability of manufactured housing has improved, and its affordability has been maintained. The number of per capita fires and deaths in manufactured homes has been significantly reduced compared to homes produced before the HUD standards became effective. Manufactured homes produced under the HUD Code perform better in high wind events due to enhancements to modern manufactured home construction standards. Moreover, financial organizations have been encouraged to offer home mortgages instead of chattel financing due to the increased lifetime and durability of manufactured homes produced under HUD’s program.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Payments to States*	3,600	1,374	4,974	3,228	4,600	2,120	6,720	4,500
Contracts	8,400	4,947	13,347	9,812	8,400	3,178	11,578	9,500
Total	12,000	6,321	18,321	13,040	13,000	5,298	18,298	14,000

*Actual funding for Payments to States will be determined by the payment structure in place at the time those payments are calculated.

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

As noted above, HUD intends to reassess both its current SAA payment structure and the revised payment structure proposed in 2016 in order to ensure a more equitable distribution of funds among states and to increase state participation in program administration. As part of this, HUD may consider proposing an amendment or clarification to the existing statutory language regarding Payments to States⁶. HUD will assess the extent to which this language constrains HUD’s ability to structure state fees in a manner that is equitable to states and representative of the effort necessary to execute state responsibilities for HUD’s state partners.

While HUD intends to pursue rulemaking as soon as practicable, it proposes to delete the following requirement from the FY20 appropriations in order to facilitate the reassessment discussed above: “That the Secretary of Housing and Urban Development shall issue a final rule to complete rulemaking initiated by the proposed rule entitled “Manufactured Housing Program: Minimum Payments to the States” published in the Federal Register on December 16, 2016 (81 FR 91083).

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

For necessary expenses as authorized by the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5401 et seq.), up to [\$13,000,000] *\$14,000,000*, to remain available until expended, of which [\$13,000,000] *\$14,000,000* is to be derived from the Manufactured

⁶ 42 USC 5419(e)(3), PL 93-383 Title IV, 621(e)(3)

Housing Fees Trust Fund: *Provided*, That not to exceed the total amount appropriated under this heading shall be available from the general fund of the Treasury to the extent necessary to incur obligations and make expenditures pending the receipt of collections to the Fund pursuant to section 620 of such Act: *Provided further*, That the amount made available under this heading from the general fund shall be reduced as such collections are received during fiscal year 2020 2021 so as to result in a final fiscal year [2020] 2021 appropriation from the general fund estimated at zero, and fees pursuant to such section 620 shall be modified as necessary to ensure such a final fiscal year [2020] 2021 appropriation: [*Provided further*, That the Secretary of Housing and Urban Development shall issue a final rule to complete rulemaking initiated by the proposed rule entitled "Manufactured Housing Program: Minimum Payments to the States" published in the Federal Register on December 16, 2016 (81 Fed. Reg. 91083):] *Provided further*, That for the dispute resolution and installation programs, the Secretary may assess and collect fees from any program participant: *Provided further*, That such collections shall be deposited into the Fund, and the Secretary, as provided herein, may use such collections, as well as fees collected under section 620, for necessary expenses of such Act: *Provided further*, That, notwithstanding the requirements of section 620 of such Act, the Secretary may carry out responsibilities of the Secretary under such Act through the use of approved service providers that are paid directly by the recipients of their services.